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BOSNIA-HERZEGOVINA

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FACT SHEET

Legal and Regulatory Reform

As Bosnia-Herzegovina (BiH) implements market-driven reforms, there needs to be concurrent progress in the legal and regulatory arena to assure that changes are carried out effectively. To attract investors and long-term lending to facilitate the growth of the private sector, BiH needs to demonstrate it possesses fair and efficient legal systems for settling disputes. The U.S. Government, through the U.S. Agency for International Development (USAID) is addressing this need with projects designed to provide assistance in economic and commercial law, in judicial reforms, and labor reforms.

USAID supports U.S. Government priorities to improve the justice sector's ability to impartially and expeditiously adjudicate cases, and to strengthen civil, administrative and commercial law in BiH through assistance that will help improve access to justice for citizens, businesses, and organizations. Overall, the U.S. Government has provided over \$1 billion to support the development of Bosnia-Herzegovina.

Enabling Labor Mobility Activity (ELMO) (May 2006 – May 2010)

Budget: \$12 million
Implementer: BearingPoint

Through its ELMO project, USAID is working with local counterparts to reduce barriers to labor mobility in BiH and ease the fiscal burden on small and medium enterprises (SMEs) by promoting flexible and diverse forms of labor relations and agreements. ELMO aims to transition to an electronic reporting and recording of individual work history and associated wage and contribution data. Increased labor mobility and flexibility through market-friendly collective bargaining practices is another objective of USAID assistance. By upgrading the inspection capacity of



select labor inspectorates ELMO will support local counterparts to foster a more effective compliance and enforcement of labor obligations.

**Workers will benefit
from ELMO reforms**

Streamlining Permits and Inspection Regimes Activity (SPIRA) (September 2005 – August 2009)

Budget: \$12.5 million
Implementer: Chemonics International

SPIRA supports BiH's efforts to reform and streamline permit and inspection procedures required to start and operate businesses. The purpose of SPIRA is to improve access to the marketplace for small and medium-size enterprises by reducing administrative barriers to their initiation and operation. In pursuing these objectives SPIRA directly supports the creation of one economic space in BiH and the integration of BiH's economy with the European Union's. SPIRA supports lines of action recommended in the European Charter for Small Enterprises by addressing the following elements: cheaper and faster start-up, an improved legislative and regulatory environment,

improved communication between public authorities and the small business sector, stronger and more effective representation of small enterprises at all levels, and improved on-line access to information supporting business processes. In its work supporting streamlined construction permitting, SPIRA will seek the full incorporation of EU construction codes into BiH domestic standards.

Regulatory and Energy Assistance Project (REAP)

Budget: \$4.9 million

(March 2007 – March 2011)

Implementer: Advanced Engineering Associates International

Bosnia and Herzegovina's energy sector is a significant factor in the development of its economy as well as to the reform efforts needed to move towards European Union accession. Additionally, energy reform efforts are central to bringing greater transparency and reducing corruption in the sector. REAP aims to help BiH fully integrate its energy sector into the regional and European Union markets and to restructure and commercialize its energy companies. Specific actions to be accomplished include; creation of a harmonized regulatory space, creating a legal and regulatory framework for gas; and liberalizing the market so that buyers and sellers can purchase electricity according to market principles.



Kakanj Power Plant

Partnership for Advancing Reforms in the Economy (PARE)

Budget: \$7.6 million

(March 2008 – March 2012)

Implementer: Chemonics

PARE's purpose is to provide technical assistance in the financial sector. The project uses a "demand-driven" approach to providing these services, actively seeking to establish working partnerships with public and private stakeholders to achieve economic reforms that will assist BiH on its path towards joining the European Union. Specifically, PARE seeks to: 1) help improve the performance of the banking, insurance, central banking, leasing, factoring, pension reform and capital markets by standardizing regulations to follow EU principles, standards, and best practices; 2) partner with counterparts in Parliamentary Committees to enhance their capacity to review and act upon the recommendations of the Entity and State Audit Offices as well as strengthen the ability of the media and other stakeholders to effectively communicate audit findings, and 3) partner with BiH private and public sector counterparts to create a better environment for effective financial intermediation (e.g. establishing or building the capacity of associations of real estate brokers, mortgage brokers, and appraisers).

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